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Berkshire

FINE SPINNING ASSOCIATES, INC.

ANNUAL 1951 REPORT

Cornery, Davison & Jacobson



Berkshire

FINE SPINNING ASSOCIATES, INC.

EXECUTIVE OFFICES

TURKS HEAD BUILDING, PROVIDENCE, R. I.

SALES OFFICES

40 WORTH STREET, NEW YORK, N. Y.

261 FIFTH AVENUE, NEW YORK, N. Y.

PLANT LOCATIONS

MASSACHUSETTS

ADAMS • NORTH ADAMS • HOLYOKE • FALL RIVER

RHODE ISLAND

ALBION • ANTHONY • WARREN

VERMONT

BRATTLEBORO

CURTAIN FACTORIES

WARREN, R. I.

FALL RIVER, MASS.

LABORATORIES AND MACHINE SHOPS

WARREN, R. I.

OWNERS

The Company had 13,132 stockholders on September 30, 1951.

DIRECTORS

JAMES C. BRADY	W. R. L. MCBEE
JONATHAN CHACE	*JOHN H. MCMAHON
*MALCOLM G. CHACE	IRWIN L. MOORE
*MALCOLM G. CHACE, JR.	HENRY S. NEWCOMBE
LINSLEY V. DODGE	WILLIAM A. O'HEARN
BRADFORD R. FROST	WILLIAM C. PLUNKETT
MANLIO FROVA	*GIBBS W. SHERRILL
CARLOS S. HOLCOMB	THOMAS F. TANSEY
ARTHUR INGRAHAM, JR.	AVERY K. WHITE
THOMAS J. KENNEDY	FREDERICK C. WILLIAMS
A. N. WINSLOW, JR.	

*Executive Committee

OFFICERS

<i>Chairman of the Board</i>	JOHN H. MCMAHON
<i>President and Treasurer</i>	MALCOLM G. CHACE, JR.
<i>Vice President</i>	LINSLEY V. DODGE
<i>Vice President</i>	MANLIO FROVA
<i>Vice President</i>	THOMAS J. KENNEDY
<i>Vice President</i>	HENRY S. NEWCOMBE
<i>Vice President and Clerk</i>	GIBBS W. SHERRILL
<i>Vice President</i>	THOMAS F. TANSEY
<i>Vice President</i>	AVERY K. WHITE
<i>Assistant Treasurer</i>	EDWARD H. ARNOLD
<i>Assistant Secretary</i>	JOHN J. MCMAHON



ANNUAL REPORT

FOR THE YEAR ENDED SEPTEMBER 30, 1951

*To the Stockholders of
Berkshire Fine Spinning Associates, Inc.*

There is presented herewith the annual report for the year ended September 30, 1951.

FINANCIAL The Net Income for the year was \$3,141,206 on sales of \$60,987,366 compared with \$4,098,514 on sales of \$63,466,253 in 1950. This Income is after Federal and State Income Taxes of \$4,600,000 and after a deduction of \$1,200,000 which was the amount added to the Reserve for Replacement of Plant. The fact that this year's earnings were \$957,308 less than last year's can be attributed in large part to an increase in Federal and State Income Taxes of \$710,000. The Income amounted to \$1.61 per share on the stock outstanding on September 30, 1951. Financially the Company position continues to be strong with Total Stockholders' Equity of \$37,992,828 and Working Capital of \$28,716,612.

DIVIDENDS In October, 1950, on the basis of the previous year's earnings, the directors declared an extra dividend of \$.35 as well as the regular dividend of \$.35 per share payable December 1, 1950, to stockholders of record November 17, 1950. In each successive quarter, the regular dividend of \$.35 has been paid. During the fiscal year, dividends of \$3,410,101 were paid to stockholders amounting to \$1.75 per share.

PLANTS AND EQUIPMENT The Depreciation for the year amounted to \$692,192. We have again added \$1,200,000 to the Reserve for Replacement of Plant and have set aside a like amount in the Plant Construction and Improvement Fund. A sum of \$1,665,670 has been withdrawn from this Fund to pay for major acquisitions of machinery leaving a balance of \$6,625,537 most of which is in cash and Government Bonds. In addition to purchases of machinery made from the Fund there have been miscellaneous expenditures for Plant Assets of \$116,510 making total purchases of Plant Assets of \$1,782,180 for the year. Further on in this report there are pictures of a new opening room and new installations of combing, interdraft and long draft spinning machinery, which are examples of some of the major improvements that have been made recently. In accordance with our policy of continually improving the efficiency of the plants, we have on order at present \$2,600,000 of new machinery for delivery during the coming year. How much of this will be delivered on schedule is uncertain due to shortage of materials and to Government restrictions.



EMPLOYEE RELATIONS

Contract negotiations in March 1951 resulted in an agreement, subject to the approval of the Wage Stabilization Board, providing for a wage increase of $7\frac{1}{2}\%$, a cost-of-living escalator formula, and other employee "fringe" benefits. The Wage Stabilization Board subsequently approved a $6\frac{1}{2}\%$ wage increase and a modified cost-of-living plan for Berkshire and other New England cotton mills. Under the provisions of the cost-of-living plan wages of employees were increased 1¢ per hour on October 1, 1951.

GENERAL

When war broke out in Korea in June of 1950 and the nation stepped up its rearmament program, substantial business developed at satisfactory price levels which continued nearly through the first half of our fiscal year. Beginning in March, 1951, business began to fall off and it became evident that converters and retailers had heavily overstocked in a wave of scare buying and that inventories all along the line were excessively high. It was generally thought that hard goods rapidly would become scarce and that soft goods lines would benefit. However, the expected impact of NPA restrictions on non-defense durables was not immediately felt, and few shortages of consumer durable goods have resulted up to this time.

Since March our sales have been reduced materially while our customers have been in the process of reducing their abnormally high inventories. During the summer, the market continued to be sluggish and profits were at a low ebb with prices at a depressed level far below OPS ceilings. In some plants that were producing slow-moving lines we deemed it best to partially curtail operations.

In spite of the depressed conditions still with us, we are not pessimistic in the outlook for the Company. There is some evidence that the low point in the current recession may have been reached although as yet there have been few definite signs of a change for the better. The general business index is at a high level and the personal income of our growing population is at the highest annual figure ever. As time goes on and durable goods become more limited, it is probable that more of the spendible income will be diverted to soft goods. While we feel confident that our business will return to a more satisfactory level, it would be unwise to attempt to predict when this might take place until there is more tangible evidence of renewed activity.

We wish to express our appreciation and sincere thanks to the officers and employees for their loyalty and cooperation which has been of such importance in the continuing success of the Company.

JOHN H. McMAHON
Chairman of the Board

M. G. CHACE, JR.
President

November 15, 1951

Significant Figures . . .

from **BERKSHIRE ANNUAL REPORTS**

Not Including Warren Textile

FISCAL YEARS →	1951	1950	1949	1948
Net Sales in Dollars	\$60,987,366	\$63,466,253	\$50,911,799	\$69,889,757
Total Taxes, including Social Security, Property and Income . .	5,984,434	5,095,604	3,033,576	10,405,712
Taxes per Share of Common Stock .	3.07	2.61	1.56	5.34
Net Earnings Available for Dividends	3,141,206	4,098,514	2,502,448	13,157,672
Earnings per Share of Common Stock	1.61	2.10	1.28	6.74
Dividends on Preferred Stock . . .	—	—	—	19,978
Dividends Paid per Share of Common Stock	1.75	1.40	2.40	2.40
Working Capital	28,716,612	28,632,385	28,389,170	31,004,330
Total Stockholders' Equity	37,992,828	38,261,722	36,891,289	38,930,371
Common Shares (End of Year) . .	1,948,629	1,948,629	1,948,629	*1,948,629

*The number of shares of common stock changed in these years.

TO STOCKHOLDERS . . . and other Data

& Machinery Supply Co.

1947	1946	1945	1944	1943	1942
\$68,444,883	\$42,860,655	\$36,043,026	\$31,695,890	\$38,679,237	\$37,771,888
9,948,371	6,399,557	5,753,558	5,136,058	6,269,029	6,556,114
6.28	13.50	11.90	10.62	12.96	13.55
12,842,173	5,689,726	1,813,576	1,602,047	1,724,446	1,907,441
7.94	11.32	3.00	2.57	2.82	2.43
279,105	325,399	360,330	360,330	360,335	733,304
1.17	1.75	1.75	2.00	2.00	1.50
22,763,942	14,959,317	10,752,168	8,772,906	8,606,238	8,157,091
30,044,473	19,186,544	15,293,849	14,765,586	14,638,121	14,311,282
*1,583,094	*473,986	483,669	483,669	483,669	483,669

Be

FINE SPINNING A

Consolidated B

ASSETS

CURRENT ASSETS

	September 30, 1951	September 30, 1950
Cash	\$ 3,740,785.47	\$ 6,355,377.01
Accounts Receivable (Less Reserve \$379,402.29 — 1951-1950)	3,796,264.59	5,469,141.56
U. S. Government Securities (Estimated Market Value \$92,017.88 — 1951 — \$4,852,889.65 — 1950)	92,017.88	4,855,161.55
Inventories (<i>Note A</i>)		
Raw Materials	3,869,732.09	4,108,226.75
Stock in Process	1,804,165.64	1,856,383.87
Cloth	18,154,115.99	8,547,593.46
Waste	195,740.56	254,069.13
TOTAL INVENTORIES	24,023,754.28	14,766,273.21
TOTAL CURRENT ASSETS	31,652,822.22	31,445,953.33

OTHER ASSETS AND DEFERRED CHARGES

Plant Construction, Improvement and Replacement Fund (<i>Note C</i>)		
Cash	1,588,502.82	283,001.09
Bonds — U. S. Government (Estimated Market Value \$4,890,111.25 — 1951 — \$6,626,629.38 — 1950)	4,929,386.01	6,614,225.41
Bonds — Other (Estimated Market Value \$107,312.50 — 1951 — \$194,603.36 — 1950)	107,647.80	193,980.50
TOTAL PLANT CONSTRUCTION, IMPROVEMENT AND REPLACEMENT FUND	6,625,536.63	7,091,207.00
Investment in Correlated Companies	518,580.55	518,580.55
Investment in and Advances to Warren Textile & Machinery Supply Co. (<i>Note B</i>)	331,228.86	318,686.69
Notes and Other Amounts Receivable	121,676.69	133,112.15
Prepaid Insurance, Taxes and Other Assets	541,609.97	317,280.43
Supplies Inventory, including Fuel	142,873.17	143,103.37
TOTAL OTHER ASSETS AND DEFERRED CHARGES	8,281,505.87	8,521,970.19

PLANT ASSETS (*Note D*)

Properties Comprising Land, Buildings, Machinery, Equipment, and Developed Water Power	16,120,355.66	14,479,734.43
Less: Depreciation Reserves	7,925,645.81	7,372,367.43
NET PLANT ASSETS	8,194,709.85	7,107,367.00
TOTAL ASSETS	\$48,129,037.94	\$47,075,290.52

See accompanying Notes

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ASSOCIATES, INC.

Balance Sheet

LIABILITIES

CURRENT LIABILITIES	September 30, 1951	September 30, 1950
Accounts and Vouchers Payable	\$ 1,809,382.14	\$ 1,831,592.10
Taxes Accrued or Payable	556,690.21	510,912.20
Social Security and Withholding Taxes Payable	570,137.72	471,063.83
Provision for Federal Taxes on Income (Note E)	4,501,982.12	3,813,609.33
Less: U. S. Treasury Savings Notes	(4,501,982.12)	(3,813,609.33)
Net Provision for Federal Taxes on Income	— 0 —	— 0 —
TOTAL CURRENT LIABILITIES	2,936,210.07	2,813,568.13
RESERVE FOR DECLINE IN INVENTORY VALUES AND OTHER CONTINGENCIES	2,400,000.00	2,400,000.00
RESERVE FOR REPLACEMENT OF PLANT Beyond Amount Provided by Current Depreciation Reserves	4,800,000.00	3,600,000.00
STOCKHOLDERS' EQUITY		
Common Stock (Without Par Value)		
Authorized 3,000,000 Shares — Issued 1,948,629 Shares	10,824,812.50	10,824,812.50
Assets Received from Stockholders in Excess of Stated Value of Common Stock Issued (Net) (Capital Surplus)	460,288.99	460,288.99
Earnings Retained since September 30, 1939 in the Business	26,707,726.38	26,976,620.90
TOTAL STOCKHOLDERS' EQUITY	37,992,827.87	38,261,722.39
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$48,129,037.94	\$47,075,290.52



FINE SPINNING ASSOCIATES, INC.

Notes to Financial Statements

FOR THE YEAR ENDED SEPTEMBER 30, 1951

BASIS OF CONSOLIDATION — The Consolidated Financial Statements include the accounts of all Subsidiary Companies except Warren Textile & Machinery Supply Co. which is wholly owned, but carried in the Balance Sheet as an Investment at Cost.

NOTE (A) — INVENTORIES

Raw Materials are priced at the "lower of Cost or Market", the material content of Stock in Process at a standard established in 1933, which is less than current market, and the "lower of Cost or Market" is the basis for materials in cloth. The standard cost basis, (approximating actual costs), is used in valuing Labor and Manufacturing Burden in Stock in Process, as well as Cloth. Waste is valued at Market. The verification of the Raw Materials, Stock in Process, and Cloth included a review of the Inventory records and procedure, physical examination of quantities during the fiscal year at all Mills, and confirmation by direct correspondence of merchandise quantities in the possession of Finishers. At September 30, 1951, the Company had an unrealized profit approximating \$225,000.00 on cotton futures sales contracts.

NOTE (B) — INVESTMENT IN AND ADVANCES TO WARREN TEXTILE & MACHINERY SUPPLY CO.

The excess of the Company's equity in the Net Assets of Warren Textile & Machinery Supply Co. over its investment therein at September 30, 1951 amounted to \$112,719.20 and represents the undistributed Net Earnings of the Subsidiary since the date of incorporation. A Balance Sheet of this Subsidiary is included in this report.

NOTE (C) — PLANT CONSTRUCTION, IMPROVEMENT AND REPLACEMENT FUND

Of a Plant Fund, at September 30, 1950, totalling \$7,091,207.00, plus the current fiscal year's funding of \$1,200,000.00, there remains, after disbursements of \$1,665,670.37, a balance amounting to \$6,625,536.63. This Fund is available for construction or acquisition of plant assets.

NOTE (D) — PLANT ASSETS

Plant Assets are stated in the Balance Sheet at Depreciated Book Values at April 1, 1934, plus additions subsequent to that date at Cost. Depreciation from the previously mentioned date has been charged to Operations on the basis of the useful lives or residual values of the various items of depreciable Plant Assets. Due to the abnormally high price level, Current Depreciation allowances inadequately provide for the cost of replacements. Therefore, during the fiscal year, there has been set aside, in addition to ordinary Depreciation Reserves, \$100,000.00 per month as partial Provision for Replacement of Plant. The amount of this Reserve has been funded by increase in Plant Construction, Improvement and Replacement Fund.

NOTE (E) — PROVISION FOR FEDERAL TAXES ON INCOME

The Company's Tax Returns have been inspected by the Audit Division of the Income Tax Unit through September 30, 1949. The year ended September 30, 1950 has not been examined or reviewed, but it is our opinion that the outstanding Reserve at September 30, 1951 adequately provides for tax liabilities to that date.

NOTE (F) — RENEGOTIATION

No provision has been made in the Balance Sheet for renegotiation of Defense Contracts, as none is believed necessary.

NOTE (G) — PURCHASE COMMITMENTS

The Company has outstanding Commitments for Plant Improvements, amounting to \$2,600,000.00.



FINE SPINNING ASSOCIATES, INC.

Condensed Consolidated Statement of Income

	YEARS ENDED	
	September 30, 1951	September 30, 1950
INCOME:		
Sales (net)	\$60,987,365.72	\$63,466,253.27
Other Income	280,987.84	395,376.39
	<u>61,268,353.56</u>	<u>63,861,629.66</u>
COSTS AND EXPENSES:		
Materials, Operating and General Expense	51,561,171.93	53,924,606.05
Depreciation and Amortization	692,191.86	608,826.82
Other Expenses	73,783.54	139,682.47
Provision for Taxes on Income	4,600,000.00	3,890,000.00
Provision for Replacement of Plant Beyond Amount Provided by Current Depreciation Reserves	1,200,000.00	1,200,000.00
	<u>58,127,147.33</u>	<u>59,763,115.34</u>
NET INCOME	<u>\$ 3,141,206.23</u>	<u>\$ 4,098,514.32</u>

Statement of Earnings Retained in the Business (Since September 30, 1939)

Earnings Retained in the Business at Beginning of Year	26,976,620.90	25,606,187.18
Net Income for the Year	3,141,206.23	4,098,514.32
	<u>30,117,827.13</u>	<u>29,704,701.50</u>
Dividends Paid	3,410,100.75	2,728,080.60
Earnings Retained in the Business at End of Year	<u>\$26,707,726.38</u>	<u>\$26,976,620.90</u>

CERTIFICATE OF AUDITORS

We have examined the Consolidated Balance Sheet of Berkshire Fine Spinning Associates, Inc. and its consolidated subsidiaries as of September 30, 1951 and the related Statements of Income and Earnings Retained in the Business for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the accompanying Consolidated Balance Sheet and related Statements of Income and Earnings Retained in the Business, with the notations thereto, fairly present the Company's consolidated financial position at September 30, 1951 and the consolidated results of its operations for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

COMERY, DAVISON & JACOBSON
Certified Public Accountants

Providence, R. I., October 24, 1951



WARREN TEXTILE & MACHINERY SUPPLY CO.

Balance Sheet

	ASSETS	<i>September 30, 1951</i>	<i>September 30, 1950</i>
CURRENT ASSETS			
Cash		\$ 4,919.96	\$ 10,402.25
Accounts Receivable		4,656.18	1,037.02
Inventories (Lower of Cost or Market)		232,105.29	205,342.11
TOTAL CURRENT ASSETS		<u>241,681.43</u>	<u>216,781.38</u>
DEFERRED CHARGES			
Prepaid Insurance and Taxes		<u>10,655.68</u>	<u>9,900.57</u>
PLANT ASSETS			
Properties Comprising Land, Buildings, Machinery and Equipment (At Cost)		404,501.70	399,672.38
Less: Depreciation Reserves		<u>167,585.39</u>	<u>142,986.53</u>
NET PLANT ASSETS		<u>236,916.31</u>	<u>256,685.85</u>
TOTAL ASSETS		<u>\$489,253.42</u>	<u>\$483,367.80</u>
	LIABILITIES		
CURRENT LIABILITIES			
Accounts and Vouchers Payable		27,219.29	25,838.10
Taxes Accrued or Payable		10,257.85	8,924.19
Social Security and Withholding Taxes Payable		7,512.76	6,270.47
Provision for Federal Taxes on Income		315.46	8,347.96
TOTAL CURRENT LIABILITIES		<u>45,305.36</u>	<u>49,380.72</u>
DUE BERKSHIRE FINE SPINNING ASSOCIATES, INC.		<u>301,228.86</u>	<u>288,686.69</u>
STOCKHOLDERS' EQUITY			
Common Stock (300 Shares — No Par Value)		30,000.00	30,000.00
Earnings Retained in the Business — Beginning		<u>115,300.39</u>	<u>99,720.20</u>
Revenue Agent's Adjustments of Plant Assets — Net:			
For the Fiscal Years ended September 30, 1948 and September 30, 1949		—	13,026.67
Less: Additional Provision for Federal Income Taxes Thereon		—	5,621.69
Net Adjustment		—	7,404.98
Net Income or (Loss) for the Year		<u>(2,581.19)</u>	<u>8,175.21</u>
Earnings Retained in the Business — Ending		<u>112,719.20</u>	<u>115,300.39</u>
TOTAL STOCKHOLDERS' EQUITY		<u>142,719.20</u>	<u>145,300.39</u>
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY		<u>\$489,253.42</u>	<u>\$483,367.80</u>

CERTIFICATE OF AUDITORS

We have examined the Balance Sheet of Warren Textile & Machinery Supply Co. at September 30, 1951 and the related Statement of Income and Earnings Retained in the Business for the year then ended. Our examination was made in accordance with generally accepted auditing standards and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the accompanying Balance Sheet and related Statement of Income and Earnings Retained in the Business fairly present the position of Warren Textile & Machinery Supply Co. at September 30, 1951 and the results of its operations for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

COMERY, DAVISON & JACOBSON
Certified Public Accountants

Providence, R. I., October 24, 1951

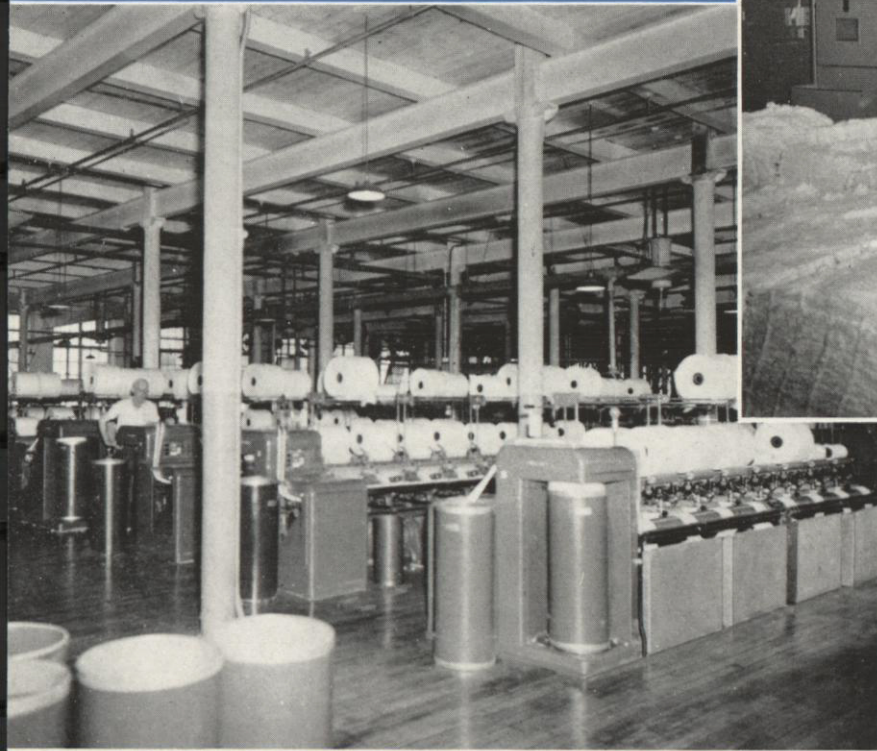
Berkshire

FINE SPINNING ASSOCIATES, INC.

New Installations of Machinery in 1951

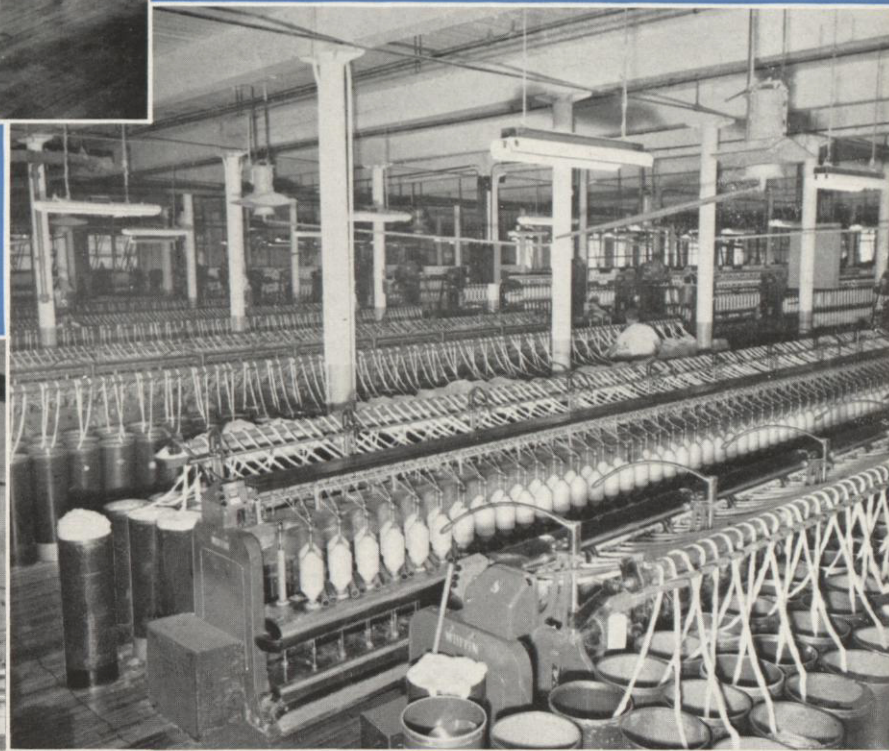


Opening

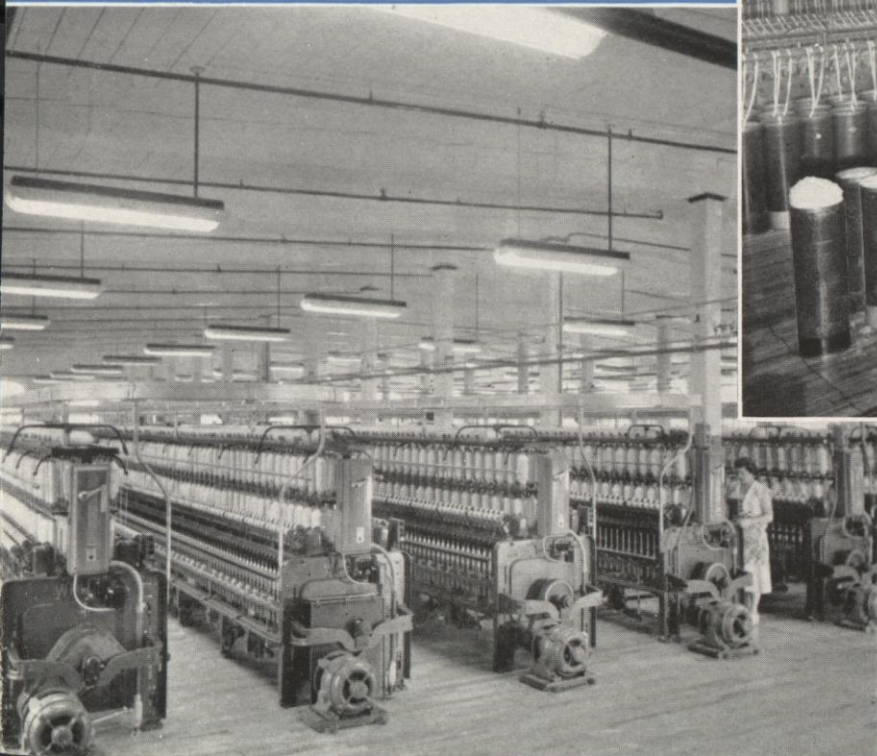


Combing

Spinning



Inter-draft



Berkshire's

CURRENT

By producing volume-priced quality combed cottons, Berkshire serves the needs of America's great clothing industry . . . sells all segments of the industry. The advertisements reproduced on this page are directed to the women's and children's clothing trades. Others are directed at men's shirt and pajama cutters, boy's and infant's wear houses and handkerchief manufacturers.



The big thing is the *big* skirt...
bigger in Berkshire's
fine combed cotton

The big skirt is spreading its wings all over the market - and the reaction is back to business. To make sure big skirts bigger than ever before there's a real quality to follow with the combed cotton. The most modern and fine - the most appropriate for the styling of skirts of modern design. Especially noted when you choose Berkshire's fine combed cotton like Berkshire's Fine Spinning Association, Inc. 40 N. 4th St., New York.

Berkshire combs *all* its **COTTONS**

BERKSHIRE COMBS

all ITS **COTTONS**

ADVERTISEMENTS

not just sheers... **COMBED** sheers...
and Berkshire has been making them a long time



Berkshire combs all its **COTTONS**

Berkshire

Berkshire curtain advertising, addressed to the consumer, also appears in national magazines like Ladies Home Journal, Good Housekeeping, House & Garden and Better Homes and Gardens.

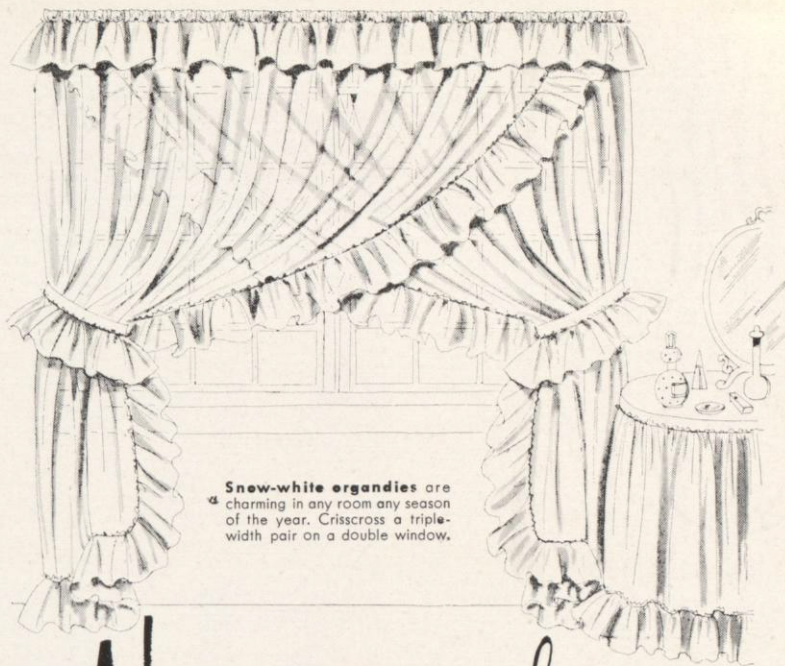
flirt of a skirt... *in size 6-X*



Berkshire combs all its **COTTONS**

Berkshire

Mother can't find any one to match a skirt like this. The little ones are having their own very pretty ones—and that means lots of soft, starched and blued petticoats underneath. Naturally, softness and fashion demands authentic quality—or, to put it another way—good combed cotton. Especially, the washed and waxed and finished cottons Berkshire makes. Berkshire Fine Spinning Associates, Inc., 40 Worth Street, New York.



Snow-white organdies are charming in any room any season of the year. Crisscross a triple-width pair on a double window.

New ways with Combed Organdies

To give every room in your home new beauty and freshness all year 'round, hang snow-white Berkshire combed organdies. Berkshires are easy to wash in mild, lukewarm suds; keep their crisp finish without starching.

Berkshire Curtains are the finest combed organdies you can buy. They're cut extra-full with lavish, picot-edged ruffles, and beautifully finished with extra-high headings and ample rod slots. They're a complete window decoration in themselves. Order Berkshire Curtains in any standard size from your favorite store or send coupon below for information.

Berkshire Combed Organdies are also available in 8 fashion-right colors selected by House & Garden's panel of experts.



Cascading ruffles—three tiers of combed organdie. Buy it by the yard or by the pair.

Berkshire®

FINE CURTAINS

Producers of the finest combed cotton fabrics for apparel and home furnishings.

NEW BOOKLET ONLY 10¢. Send for "New Ways with Windows" showing 14 different window treatments with Berkshire Organdies—also name of nearest store where you can buy these curtains.

BERKSHIRE CURTAINS, Dept. BG 10-51
 Madison Sq. Sta., Box 159, New York 10, N. Y.

I enclose 10¢. Please send me a copy of "New Ways With Windows" and name of nearest store selling Berkshire Curtains.



100

Berkshire

FINE SPINNING ASSOCIATES, INC.